Economic Outlook 2011
St. John's Metropolitan Area

2010 Performance

Real GDP in the St. John's Census Metropolitan Area (CMA) increased by 4.7% in 2010 as a result of increased offshore oil production and increased construction activity related to higher capital investment. In comparison, real GDP increased by 5.6% for the province as a whole, primarily due to increased capital investment and increased oil and mineral production. In addition to an increase in oil production, several industries within the CMA posted relatively strong gains, most notably: construction; professional, scientific and technical services; wholesale and retail trade; and finance, insurance, real estate and leasing.

Other economic measures, such as employment and housing starts, remained strong in 2010 after outperforming most other CMAs in Canada during the recession.

Employment in the CMA increased 2.3% (or 2,300) to 100,900, while the labour force increased 1.7% (or 1,800) as the area experienced significant net in-migration. Since employment growth was greater than labour force growth the unemployment rate decreased by 0.6 percentage points to 7.7%. Personal income increased 3.8% to $7.6 billion, driven by employment gains and wage increases. The strong growth in personal income, employment and population – in combination with high levels of consumer confidence – resulted in solid growth in retail sales. Retail sales increased 4.4% to $3.2 billion. Housing starts increased 6.6% to 1,816 units.

In 2010, St. John's CMA recorded its ninth consecutive annual population increase. Gains resulted from natural growth and net in-migration to the region. As of July 1, 2010 the population of the St. John's CMA was 192,326.

Outlook for 2011

Real GDP in the St. John's CMA is expected to increase by 0.3% in 2011, in comparison to an increase of 3.0% for the province as a whole. This weaker performance is due to a significant decrease in offshore oil production. Oil production is expected to total 85.9 million barrels in 2011, down roughly 15% from its 2010 level. Excluding the oil and gas industry, the CMA's real GDP growth in 2011 would be 4.6%. These gains are due to increases in government spending, strong wage gains, increased support activities for major projects, and general consumer and business optimism with respect to future mega-projects. Many industries (i.e. professional, scientific and technical services; construction; finance, insurance, real estate and leasing; information, culture and recreation; and wholesale and retail trade) are expected to exhibit strong growth this year.

Employment is forecast to increase 3.8% in 2011, driven mainly by gains in construction; professional, scientific and technical services; wholesale and retail trade; and finance, insurance, real estate and leasing. The annual unemployment rate is expected to continue to fall to reach a new record low of 6.6% as employment growth is expected to continue to outpace labour force growth. These employment gains, in combination with increases in wages and salaries, are expected to boost personal income by 5.8%. Retail trade growth is expected to increase by 4.5% in tandem with income growth. Housing starts are expected to decrease 8.7% to about 1,650 units but remain high from a historical perspective maintained by strong population and income gains.

The population of the St. John's CMA is expected to increase 1.4% in 2011 to 194,938 due mainly to continued strong net in-migration.

Economic Indicators
St. John's Metropolitan Area 2010 – 2011

	2010	2011f	% Change
Real GDP (2002$M)	9,411	9,438	0.3%
Employment	100,900	104,700	3.8%
Labour Force	109,300	112,100	2.6%
Unemployment Rate	7.7%	6.6%	-1.1 pp
Participation Rate	68.6%	69.5%	+0.9 pp
Personal Income ($M)	7,603	8,045	5.8%
Retail Trade ($M)	3,238	3,382	4.5%
Housing Starts	1,816	1,658	-8.7%
CPI (2002=100)	117.4	120.3	2.5%
Population	192,326	194,938	1.4%

ST. JOHN'S
DEPARTMENT OF ECONOMIC DEVELOPMENT, TOURISM & CULTURE

Prepared by Department of Finance (Economic Research and Analysis Division) and the City of St. John's (Department of Economic Development, Tourism & Culture)

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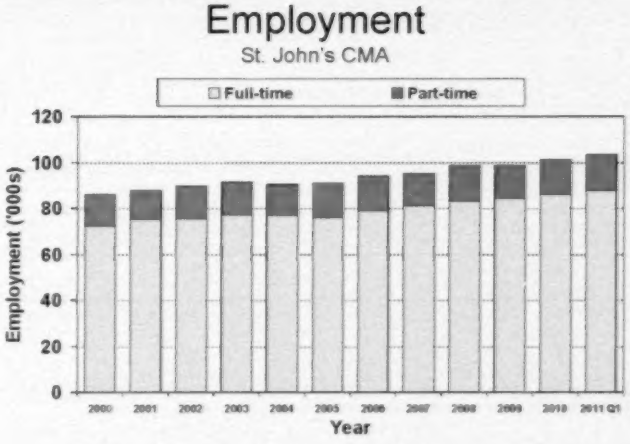
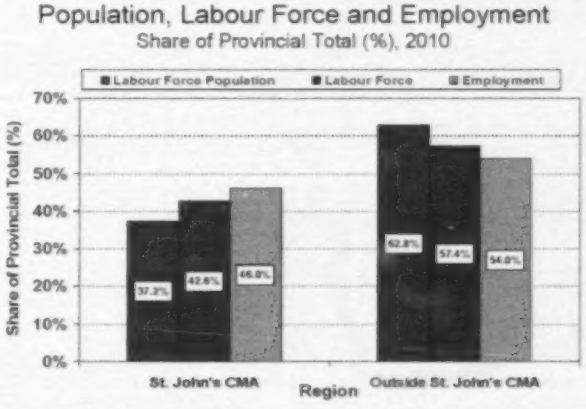
Special Feature — Labour Market

The St. John's CMA labour market has performed very well over the past decade with employment increasing at an average annual rate of 1.7% (or 14,900) since 2000. The majority of this increase was in full-time employment which increased by 19.1% (or 13,800) compared to part-time employment which increased by 8.7% (or 1,200). Over this same time period, employment increased at an average annual rate of 1.5% in Canada and 0.5% in areas outside of the St. John's CMA. In 2010 employment increased by 2.3% within the CMA and is up by another 5.4% year-over-year in the first quarter of 2011.

The CMAs labour force has increased in tandem with employment, helped by labour force population growth and rising labour force participation. Labour force population increased by 1.3% last year and the participation rate increased by 0.6 percentage points to 68.9%. Nevertheless, employment growth has consistently exceeded labour force growth and, as a result, the unemployment rate has declined to one of the lowest unemployment rates amongst CMAs in the Country. As of May 2011, the unemployment rate in the St. John's CMA was just 5.9%, on par with rates in Calgary and Victoria.

In the first quarter of 2011 the unemployment rate for the CMA was 6.5% compared to 19.9% for the remainder of the province. High levels of employment and labour force participation and low levels of unemployment mean that the CMA accounts for 42.6% of the NL labour force, and 46.0% of NL employment despite the fact that only 37.2% of the NL labour force population is located in the CMA.





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Source: Statistics Canada; Economic Research and Analysis Division, Department of Finance **Note:** The St. John's Census Metropolitan Area is a Statistics Canada geographically defined area including St. John's and neighbouring communities.